FINANCIAL NEWS AND COMMENT

Foreign Exchange Exceptionally Weak—'Mex. Pete' Rides High as Stocks Are Firm.

Three important factors were at work in yesterday's stock market and all had some effect on the general trend of prices. Principal among them was the weakness of foreign exchange, which amounted almost to a complete collapse. As a result of the continued fall of exchange the most important of the currencies of other nations have lost a substantial part of their big gains earlier in the year and some of them are at or close to new low figures. Another factor, influencing yesterday's trading, although in a much lesser degree, was the flat threat of an impending nationwide tieup of the railroads as a result of the strike vote. The third, and not the least important of the outstanding features in the trading, was the manner in which Mexican Petroleum shares were marked up on the already severely punished short interest.

The extraordinary weakness of foreign exchange was perhaps the most difficult of explanation of any of these factors. Foreign exchange dealers were more or less at a loss to explain the continued pressure against virtually all currencies. That France is beginning to realize the effect on reparations of the abandonment of negotiations for a loan to Germany is undoubtedly one explanation of the extreme weakness of francs. In the case of sterling it is not unlikely that the difference of a full one per cent. between the rediscount rates in the United States and Great Britain is in some degree responsible. The maintenance of a rate here so far above that in London is almost certain to result in the shipping of funds to this center, with a resultant heavy offering of sterling. What is probably the biggest factor in the exchange market, however, is the same as that responsible for the break in stocks last week, namely, the correction of an overdone speculative operation. It is just as probable that the recent sustained rise in currencies resulted in as much an overbought condition in that market as that which the bull movement of stocks created in the stock market.

The question of the effect of strike news on the stock market has never been effectually settled. It has long since become a maxim in Wall Street that to sell stocks on expected strikes is but to invite disaster. Nevertheless, there is little doubt that some of the selling of the rails yesterday, especially the lower priced issues in which bull speculation has been big and in which speculative groups were at work, could be traced directly to the strike dispatches over the week end. Although pool operators probably recognize as well as any one else the futility of attempting to depress stocks on strike news, they are sufficiently cautious in their operations to seek safety in smaller holdings before the storm breaks. The question of the success of such a strike was not raised. That public sentiment would be largely against such a step on the part of railway workers is pretty generally accepted and without the backing of public opinion the poor chances for its success likewise is recognized.

The remarkable gyrations of Mexican Petroleum shares yesterday reminded market observers of the days a couple of years back when that stock was the greatest wonder in a market of wonders. A short interest of impressive proportions received one of the most severe punishments ever meted out in the stock market and at its high of 163¼ Mexican Petroleum showed an advanc from Saturday's close of more than 17 points. So heavy was the borrowing demand for the stock that at one time a premium of 1-16 was quoted. Other shares held reasonably firm throughout the day and not a few of them scored substantial advances. Call money touched the lowest point of the year at 2¾ per cent. Week end weather news indicating terrific rainfalls in the Eastern belt resulted in an advance of from $4 to nearly $5 a bale in cotton, but selling of grain continued with extreme losses of from 1 to 2 cents a bushel in wheat.

FOREIGN EXCHANGE.

MONDAY, JUNE 19, 1922.

GREAT BRITAIN.

Parity.		Monday.	Saturday.	June 12.
$4.8648	Sterling:			
	Demand	$4.38¾	$4.43¾	$4.48¾
	Cables	4.38⅞	4.43⅞	4.48⅞
	Bankers, 60 ds.	4.35⅞	4.40⅞	4.46⅞
	Bankers, 90 ds.	4.34⅞	4.39⅞	4.45⅞
	THE CONTINENT.			
19.30	France, cents a franc:			
	Demand	8.51	8.65	8.88
	Cables	8.51½	8.65½	8.88½
19.30	Belgium, cents a franc:			
	Demand	8.14½	8.23	8.28
	Cables	8.15	8.23	8.28½
19.30	Switzerland, cents a franc:			
	Demand	18.90	18.98	19.10
	Cables	18.92	19.00	19.12
19.30	Italy, cents a lira:			
	Demand	4.78	4.91	5.04
	Cables	4.78½	4.91½	5.04½

NEW YORK STOCK EXCHANGE QUOTATIONS

MONDAY, JUNE 19, 1922.

	1922.	1921.	1920.
Day's sales	727,306	1,162,110	452,833
Year to date	133,051,902	85,418,283	120,411,059½

*Ex div. †Ex rights. ‡In scrip. x Part stock. a In stock. f Part extra.

Note—Odd lot transactions are not recorded in separate line unless sales were made at price outside of the regular lot range.

FIRST COMMON DIVIDEND.

Newton Steel Directors Authorize Initial $1.50 Payment.

YOUNGSTOWN, Ohio, June 19.—Directors of the Newton Steel Company of Newton Falls, Ohio, to-day authorized the first common dividend to be paid since its organization three years ago. The dividend is $1.50 per share, at the rate of 6 per cent. a year on the $1,500,000 of common stock. The usual preferred dividend of 1¾ per cent. was also authorized.

Oil Shares Heavily Bought.

The intense speculation in Mexican Petroleum stock yesterday caused big advances in other oil issues. Pan-American, which controls "Mex. Pete.," sold at the highest price of the year, selling at 73¾ and reacting to 70¾, with a gain of 1½ points. Marland Oil made a new high for the year at 4⅝, and Pacific Oil [illegible]. Houston Oil was up to 75⅝ for a week-end gain of 3 points, and General Asphalt was traded in through 66 on relatively heavy trading.

TOPICS OF WALL STREET.

Great Northern Dividend Uncertain

Directors of the Great Northern Railway meet in St. Paul this morning for action on the dividend. No inkling as to their probable action could be obtained here. New York members of the board said their minds would not be made up until after the road's outlook for the remainder of the year had been discussed with Ralph Budd, president of the company, and the Western directors. Mr. Budd recently stated that he expected this year's traffic to exceed that of 1921 by a substantial margin in consideration of the outlook for a heavy crop, increased movement of iron ore and continuation of the general improvement in business. The road's current earnings have been much better than last year, but still hold room for improvement. For the first four months of 1922 it reported net operating income of $1,308,447, contrasted with a deficit of $2,978,488 in the corresponding period of 1921. Traffic reports for May point to a substantial increase in gross operating revenues over May, 1921.

No Strike, Say Rail Officers.

Local railroad executives do not believe the unions embracing the shopcrafts, maintenance of way employees, clerks and station workers will carry out their threat to strike in protest against the Railroad Labor Board's order reducing wages. The executives also believe that a strike would not tie up steam transportation. There is no likelihood whatever that the employees in train and engine service, whose wage cases have not been heard, will join the talked of walkout. Railroad officers here say that when the wage cuts become effective on July 1 a number of equipment repairmen and maintenance of way men will be reemployed in addition to those who already have been taken on for the purpose of making up deferred maintenance work. In the event of a strike, executives say they readily could obtain workers of these classes from the ranks of the unemployed and from other industries which are paying lesser rates for the same class of work.

Kennecott Copper Up.

The fractional advance in Kennecott Copper shares yesterday was the result of buying by inside interests who expect the declaration of a dividend at the rate of $4 a share within a short time. The selling of Kennecott in the last week has been because of disappointment that the directors, at their meeting a week ago to-day, failed to declare a dividend, and also because of the trimming of accounts in all branches of the market. The buyers of the stock at these levels have no desire to see it marked up on them, it was said yesterday, and consequently are refreining from bidding for it. Their method of operation, on the other hand, has been to absorb gradually what stock was offered on the market.

American Ice Extra.

Directors of the American Ice Company are scheduled to meet on June 27, and according to advices obtained in usually well informed quarters a substantial extra disbursement may be declared on the stock. It was said yesterday that there are two interests on the board who are at odds over this proposition. One of the interests—the one that is credited with being the most important—believes the time ripe for the disbursement of some of the company's surplus in the form of an extra dividend. The other, it is declared, desires to postpone such a payment until a later date.

Mexican Petroleum.

The amazing advance of more than seventeen points in Mexican Petroleum shares yesterday to a new high above 163 was easily the outstanding feature of the entire market. Short covering was in a large degree responsible for the extraordinary move, but the factors which induced the short interest to run to cover were varied. In the first place it has become pretty generally known that the short interest in Mexican Petroleum had became unwieldy. Operators in all parts of the country have been heavy sellers of the stock and big Pittsburgh interests are credited with having put out tremendous short lines at figures well below current quotations. Then, too, it is known that the annual report of the corporation covering 1921 operations, which is to be submitted either Friday of this week or Monday of next week, will reveal the largest earnings in the history of the company. With all these factors known, firms that had been large lenders of the stock called back their shares yesterday morning and immediately there was a hurried rush to cover on the part of the shorts. A premium of 1-32 was placed on the stock, which was later advanced to 1-16. At the close it was lending flat.

Rail Labor Situation.

The financial community will regard with general interest President Harding's reception of the formal protest of the railway shopcrafts against the wage cuts ordered by the Labor Board. The union leaders have announced that an elaborate presentation of the case will be made to the President before they exercise the power to call a strike. The President is credited with having brought pressure to bear on the Interstate Commerce Commission to cut freight rates without waiting for the Labor Board's decisions. Last fall he interested himself in asserting the authority of the Railroad Labor Board. It is not considered likely that he will in any way attempt to discredit that body as a fair and impartial tribunal. As rate reductions are made possible without offsetting wage reductions, the railroads apparently must look to greater volume of traffic for their prosperity.

Call Money Rate Declines.

An easy tone continued in the money markets yesterday and offerings were on a more liberal scale than they have been for some time. Call money in the New York Stock Exchange opened and renewed at 3 per cent. and later eased off to 2¾ per cent. Borrowers were able to find accommodations for 30 and 60 day terms at 3¾ per cent. while later maturities commanded 4 per cent. Time money was offered at 4½ per cent. The surplus of money at this point is largely due to the collection of taxes which has considerably reduced the Government's overdraft here. The Government will withdraw $6,000,000 from banks in this Federal Reserve district to-day.

Sterling Down 5 Cents.

Pronounced weakness in sterling exchange here influenced a severe decline in the other exchanges yesterday. Demand bills on London fell off 5 cents to $4.38¾, a quotation that compares with 4.43¾ at the close of the week and 4.48¾ a week ago. Since the prices a week ago sterling is down more than 10 cents. Continental rates were influenced in the same way and the weakness extended to Greek exchange and the exchange of the East. The reason for the collapse in exchange offered yesterday was believed to be due to overspeculation [illegible] constructive arising out of the various international conferences. The liquidation has been accelerated by short selling.

Southern Pacific Loadings.

Although the Southern Pacific established the best car loadings record in its history with an average loading of 28.9 tons per car, the company reports heavier loadings for the first four months of 1922 than for the corresponding period of 1921. During the period its car loadings averaged 26.5 tons, in contrast with 24.7 tons in the corresponding four months of 1921.